

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 SS-15 L-03 H-02 NSC-05 STR-04 AID-05

CEA-01 CIAE-00 COME-00 EB-07 EA-07 FRB-03 INR-07

IO-10 NEA-10 NSAE-00 OPIC-03 SP-02 TRSE-00 CIEP-01

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PASS: EB FOR KATZ AND BOEKER; EUR/RPE FOR PREEG;
USDA FOR HUME AND FRASER, FAS AND PAARLBURG, AG ECON

E.O. 11652: N/A

TAGS: EAGR OECD

SUBJECT: XCSS: STUDY OF TRENDS IN WORLD SUPPLY AND
DEMAND OF MAJOR AGRICULTURAL COMMODITIES

REF: A. OECD PARIS 26131, B. OECD PARIS 27071,
C. OECD PARIS 27118

1. UNDER LAST SUBSTANTIVE ITEM ON XCSS AGENDA, OCTOBER
22, SECRETARIAT (SIMANTOV) PRESENTED PRINCIPAL CONCLU-
SIONS OF SUBJECT STUDY AS ANTICIPATED IN REFTELS (B) AND
(C).

2. UPDATING CONCLUSIONS IN LIGHT OF US-USSR GRAIN
AGREEMENT, HE STRESSED STABILIZING INFLUENCE OF THAT
AGREEMENT. HE REPEATEDLY STRESSED SERIOUSNESS OF
PROBLEMS THE WORLD FACES WITH RESPECT TO LDC'S - THEIR
THREEFOLD NEED FOR AID: FOOD AID, TECHNOLOGICAL AID, AND
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TRADE AID. HE CONTRASTED INCREASING NEED FOR FOOD AID

WITH PROBLEMATIC ABSORPTIVE CAPACITY OF LDC'S AND POSTULATED DEVELOPMENT OF THEIR INFRASTRUCTURE. ON LDC'S TRADE PROBLEM HE REASONED THAT LONG-TERM CONTRACTING BY DEVELOPED COUNTRIES MAY ADD TO VOLATILITY OF RESIDUAL MARKET AND THAT THAT IS THE MARKET WHERE LDC'S BUY AND SELL. HE QUALIFIED OUTLOOK FOR MORE SERIOUS WORLD MARKET INSTABILITY BY REFERRING TO CORRECTIVE MEASURES, I.E. RESERVES POLICY AND LONG-TERM CONTRACTS; AND HE POSTULATED "LINKING TOGETHER" DISCUSSIONS ON THESE BECAUSE "PROGRESS IN ONE AREA REQUIRES UNDERSTANDING OF WHAT'S HAPPENING ELSEWHERE."

3. US DEL (YEUTTER) PRESSED FOR EARLY CONSIDERATION OF REPORT IN ALL INTERESTED FORA. REPORT SHOULD BE PLACED ON AGENDA OF NEXT XCSS AND OF AGRICULTURE, DEVELOPMENT ASSISTANCE, AND TRADE COMMITTEES. YEUTTER RECOMMENDED TO SECGEN TO CONSIDER FEASIBILITY OF JOINT MEETINGS AMONG LATTER THREE COMMITTEES FOR DISCUSSING STUDY. NEW ZEALAND (MCARTHUR) AND EC (HIJZEN) DELS FAVORED THAT AGRICULTURE COMMITTEE DISCUSS REPORT FIRST. YEUTTER SAID HE'D BE DELIGHTED TO HAVE AGRICULTURE COMMITTEE LOOK AT IT FIRST, BUT HE DID NOT WISH TO DELAY DELIBERATION IN ANY FORUM. UK DEL (STATHAM) FAVORED DAC EVALUATION BEFORE XCSS AND DECISION BY SECGEN RE JOINT MEETING. CHAIRMAN JOLLES REQUESTED SUMMARY OF BULKY REPORT, AGREED THAT CONSIDERATION IS URGENT AND THAT VARIOUS GROUPS SHOULD PROCEDE AS EARLY AS POSSIBLE. SINCE MID-DECEMBER XCSS WILL BE DEVOTED TO DIALOGUE, NEXT ORDINARY MEETING WILL BE BEGINNING OF 1976.

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4. YEUTTER, ACCCOMPANIED BY AGATTACHE, CALLED ON SIMANTOV OCTOBER 21. THE STUDY AND ITS PROSPECTIVE ORAL SUMMARY BEFORE XCSS BY SIMANTOV WERE PRINCIPAL SUBJECTS DISCUSSED. SIMANTOV OBSERVED THAT STUDY HAD BEEN IN SECGEN'S HANDS FOR SOME TIME. VAN LENNEP SEEMED TO HESITATE WITH HIS CLEARANCE FOR FEAR OF THE PUBLIC RELATIONS EFFECTS OF THE STUDY'S REALISM WITH RESPECT TO THE FOOD SUPPLY OUTLOOK OF THE LDC'S. HE, SIMANTOV, WAS CONSIDERING THE FEASIBILITY OF A FOREWORD WHICH MIGHT EXPLAIN THAT THE 10-15 YEAR HORIZON OF THE STUDY WAS TOO SHORT A PERIOD FOR THE SOLUTION OF THE LDC'S BASIC PROBLEMS. SUCH A FOREWORD WOULD HOPEFULLY SERVE TO RESOLVE MR. VAN LENNEP'S WORRIES AND WOULD AT THE SAME TIME LEAVE THE REALISTIC AND CAREFULLY DEDUCTED CONCLUSIONS OF THE STUDY INTACT. WE FEEL THAT VAN LENNEP'S AGREEMENT TO THE ORAL SUMMARY PRESENTATION YESTERDAY (IN CONTRAST TO THE PREVIOUSLY PLANNED, MERE ANNOUNCEMENT THAT THE STUDY WAS COMPLETED) MAY BE A FIRST STEP TO HIS

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CLEARANCE. SINCE SIMANTOV STRESSED LDC'S PROBLEMS AS ONE OF THE MAJOR FINDINGS OF THE STUDY, THE CAT IS NOW OUT OF THE BAG, SO TO SAY, AND THE ORAL SUMMARY PRESENTATION HOPEFULLY MAY HAVE HELPED TO EXPEDITE THE CLEARANCE PROCEDURE.

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